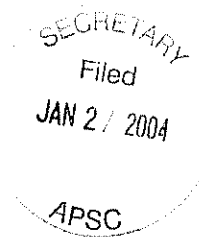




**BEFORE THE
ALABAMA PUBLIC SERVICE COMMISSION**



**PROPOSED REVISIONS TO PRICE)
REGULATION AND LOCAL)
COMPETITION PLANS)**

DOCKET NO. 28590

REPLY COMMENTS OF THE ATTORNEY GENERAL

There are three regulatory plans under discussion for reply comments, the Metro Pricing Flexibility Plan filed by BellSouth (hereinafter the "MPFP"), the revised price regulation plan developed by the Public Service Commission staff (hereinafter the "Staff Plan"), and the proposal filed by the rural independent local exchange companies (hereinafter the "Rural LEC Plan.") On behalf of Alabama consumers of telephone service, the Attorney General submits the following reply comments:

DISCUSSION

The Public Service Commission must hold a hearing before implementing any of the proposed plans to determine the appropriate percentage limits for the proposed price caps. There must be some evidence, economic or otherwise, to determine the appropriate percentage limits. Furthermore, any specific price cap percentage limit must have a definite term, duration, or review period.

The Attorney General has negotiated with BellSouth to modify its MPFP to accommodate the needs of retail consumers. Although the Attorney General and BellSouth differ on the level of competitiveness in the market at the present time, the negotiated

modifications to the MPFP (hereinafter the "Amended MPFP") will protect consumers during Alabama's transition to a fully competitive communications market. If the Public Service Commission approves the Amended MPFP, consumers will undoubtedly have more choices in selecting communications products than consumers would have had under the 1995 Price Regulation Plan. Consumers who do not wish to select communications products in a competitive market may purchase telephone service at a regulated price that is lower than the price set forth in the Staff Plan.

Under the Amended MPFP, the staff of the Public Service Commission will have an active role in monitoring BellSouth since no tariff will be presumed valid. BellSouth's participation in the competitive communications market will not be hampered by regulatory delays. The company will be able to respond immediately to market conditions by providing products and services in innovative ways with varying prices. In exchange for the right to file tariffs with an almost immediate effective date, BellSouth has agreed to limited retroactive rate relief for consumers when the Public Service Commission does not approve a tariff. Furthermore, consumers have the option of canceling a service within a limited time period, if consumers do not want to pay a particular price increase.

The Amended MPFP continues to require tariff filings for all regulated services. The concept of a price list has been deleted. Since the filed rate doctrine will continue to apply in Alabama, the Attorney General has not insisted that BellSouth incorporate new consumer protection provisions for the Amended MPFP. However, the Attorney General urges the Public Service Commission to address and implement more comprehensive consumer protection rules and regulations. These will be needed as the state transitions to a more fully competitive market for communications services.

The Attorney General has not attempted in his negotiations with BellSouth to incorporate provisions in the Amended MPFP that may be needed by the staff of the Public Service Commission in fulfilling its regulatory responsibilities. The negotiations focused primarily on the needs of Alabama consumers. The Attorney General recommends that the Commissioners order BellSouth to participate in a workshop to be held in February to work out the final details of the Amended MPFP so that a final MPFP may be approved at the March Commission meeting.

The Amended MPFP is a regulatory agreement drafted expressly for BellSouth. The agreement may not be appropriate for other companies. There appears to be no reason to require that every telephone company be regulated under one agreement. For example, there are three gas companies operating in the State of Alabama and each one has its own regulatory scheme; even the RSE agreements for Alabama Gas and Mobile Gas are specifically tailored to take account of each company's unique situation. The Attorney General is not persuaded by the comments filed in this docket that the State of Alabama should have one regulatory agreement for all telephone companies. Moreover, no evidence has been put forth in the comments that support regulation for the independent ILECs under the principles outlined in the Amended MPFP.

The Attorney General supports implementing the Staff Plan. The comments have questioned certain provisions and indicated that there are other unanswered questions. The Attorney General recommends that the PSC set a workshop schedule to revise the Staff Plan and resolve any questions, conflicts, and ambiguities in the Staff Plan. A collaborative workshop for the purpose of resolving questions about the Staff Plan and negotiating the exact language of the regulatory agreement should result in a more effective plan.

After reviewing the comments filed in this docket, the Attorney General continues to recommend that any decision on the Rural LEC plan be delayed until competition develops in the rural areas. The Attorney General does not object to a specific regulatory agreement for rural LECs, but passage of the proposed Rural LEC Plan is premature at this time.

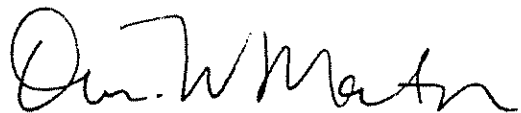
The Attorney General supports any action on the part of the PSC to address inter-carrier compensation issues in a separate docket.

CONCLUSION

After a hearing to determine the appropriate percentage for the price caps, the Attorney General recommends that the Public Service Commission immediately implement the Amended MPFP plan. The Amended MPFP will benefit Alabama consumers because it promises both a reasonably-priced regulated offer of basic service and competitive communications products. The Attorney General further recommends that a workshop be established to resolve any outstanding issues in the Staff Plan. A task force to address and resolve issues confronting the rural independent telephone companies may benefit the companies and their customers and the Attorney General would support development of such a task force.

Respectfully Submitted,

WILLIAM H. PRYOR JR.
ATTORNEY GENERAL

A handwritten signature in black ink, appearing to read "Olivia W. Martin", written over a horizontal line.

OLIVIA W. MARTIN
ASSISTANT ATTORNEY GENERAL

Office of the Attorney General
11 South Union Street
Montgomery, Alabama 36130-0152
Phone: (334) 242-7393
Fax: (334) 353-8440

CERTIFICATE OF SERVICE

I hereby certify that on January 27, 2004, I have served a copy of the Comments of the Attorney General on behalf of Alabama Ratepayers upon the persons below by United States Postal Service First Class Mail with postage prepaid:

Mark D. Wilkerson, Esq.
Brantley, Wilkerson & Bryan
Post Office Box 830
Montgomery, AL 36101-0830

Francis B. Semmes, Esq.
General Counsel
BellSouth Telecommunications, Inc.
3196 Highway 280 South -Room 304N
Birmingham, Alabama 35243

Robin G. Laurie, Esq.
Balch & Bingham LLP
Post Office Box 78
Montgomery, Alabama 36101-0078

Wendell Cauley, Esq.
Bradley, Arant, Rose & White
401 Adams Avenue - Suite 780
Montgomery, Alabama 36104

Peter Fruin, Esq.
Maynard, Cooper & Gayle, P.C.
201 Monroe Street-Suite 1940
Montgomery, Alabama 36104

Ms. Nanette S. Edwards
Director
ITC^DeltaCom
4092 S. Memorial Parkway
Huntsville, Alabama 35802



OF COUNSEL

EXHIBIT A

METRO PRICING FLEXIBILITY PLAN
FOR
BELLSOUTH TELECOMMUNICATIONS, INC. –
ALABAMA OPERATIONS

1. APPLICABILITY OF THE PLAN

The Metro Pricing Flexibility Plan (“the Plan”) for BellSouth Telecommunications, Inc. – Alabama Operations (“BellSouth”) will apply to all telecommunications services offered by BellSouth and regulated by the Alabama Public Service Commission (hereinafter referred to as “the Commission”) as specified herein.¹ The Plan and its terms and conditions shall not be construed to confer any regulatory authority not existing on the effective date of the Plan on the Commission for unregulated products or services offered by BellSouth or any of its affiliates.

2. DEFINITIONS

- A. “Bundled Services” are packages of regulated services or regulated services and unregulated services offered by BellSouth at one price.
- B. “Contract Service Arrangement” (“CSA”) is an arrangement wherein BellSouth provides services pursuant to a contract between BellSouth and customers in Tier I MSAs where competitive alternatives are known to exist and in Tier II MSAs and Non-MSAs in response to a competitive alternative or other unique circumstances. Such arrangements include situations in which the services are not otherwise available through BellSouth’s tariffs, as well as situations in which the services are available through BellSouth’s tariffs, but BellSouth offers those services at prices other than those specified in BellSouth’s tariffs.
- C. “Customer Value Program” is the offering of volume and/or term discounts by BellSouth to eligible customers in BellSouth’s service area. Customers subscribing to such programs will receive ongoing benefits for a duration that may exceed ninety (90) calendar days.

¹ With its May 18, 2002 approval of BellSouth’s Section 271 Application, the Commission found that BellSouth had satisfied its obligations under Section 271(c)(1)(A), as well as the requirements of the “Competitive Checklist” under Section 271(c)(2)(B)(i)-(xiv). *See* Docket No. 25835, *Order* Dated July 11, 2002. In other words, the Commission found that BellSouth had fully opened its local markets to competition. Approval of this Plan by the Commission is an acknowledgement that product and pricing flexibility are appropriate in competitive markets.

- D. "Effective Date" is the proposed date on which a new tariff or tariff revision is considered effective. The Effective Date is based on a specified number of calendar days following, but excluding, the File Date.
- E. "Eligibility Criteria" are the factors used to determine the customers and/or potential customers who would qualify for a Promotion, Customer Value Program, Marketing/Technical Trial, or Bundled Service: i.e., current services or services a customer must subscribe to, monthly spend, service or usage volume, term commitment, geographic location, such as wire center, and/or any other identifiable characteristic.
- F. "File Date" is the official date recorded by the office of the Director of the Commission's Administrative Division (Commission Secretary) for any proposed tariff or tariff revision submitted by a telecommunications provider and accepted by the Commission. The File Date is considered administrative in nature.
- G. "Interconnection Services" include Switched Access Services, Special Access Services, and Local Access Services and are defined as follows:
- i) "Switched Access Services" allow toll providers to interconnect to BellSouth's network in order to originate or terminate switched toll calls.
 - ii) "Special Access Services" are services providing an analog or digital transmission path that is not switched by a BellSouth end office to directly connect an interexchange carrier's ("IXC's") terminal location and an end user's premises, two IXC terminal locations, an IXC terminal location and a hub, or two end user premises.
 - iii) "Local Access Services" allow competitive local exchange carriers ("CLECs") or other providers of local exchange services to complete local calls via BellSouth's network pursuant to the Telecommunications Act of 1996 ("the Act") through the interconnection of a CLEC's or other provider's network to BellSouth's network, through the resale by a CLEC of BellSouth's regulated retail services, or through the purchase by the CLEC of unbundled network elements ("UNEs") offered by BellSouth.
- H. "Long Run Incremental Cost" ("LRIC") is the cost BellSouth would incur (save) if it were to increase (decrease) the level of production of an existing or new service or group of services. LRIC consists of costs associated with adjusting future production capacity that are causally related to the services being studied. LRIC reflects forward-looking technology and operational methods.
- I. "Marketing/Technical Trial" is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by BellSouth to eligible customers

on a trial basis in BellSouth's service area for technical and/or marketing purposes. Such trials shall be for the purpose of evaluating, in an operating environment, the performance and pricing of the specific service or services in conjunction with other marketing and environmental factors that can influence customer demand.

- J. "Metropolitan Statistical Area" ("MSA") is an area, as defined by the Office of Management and Budget, with a large population nucleus that together with adjacent communities, has a high degree of social and economic integration.
- K. "New Service" is a regulated function, feature, capability, or any combination thereof, which is not offered by BellSouth as of the effective date of this Plan.
- L. "Promotion" is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by BellSouth to eligible customers in BellSouth's service area. Customers subscribing to promotional offerings receive a one-time or short-term benefit that shall not exceed ninety (90) calendar days.
- M. "Retail Telecommunications Services" are the telecommunications services, other than Interconnection Services, which are offered by BellSouth and regulated by the Commission.
- N. "Telecommunications Service" is the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available to the public, regardless of the facilities used.

3. GEOGRAPHIC AREAS

For purposes of the Plan, BellSouth's service territory shall be divided into Metropolitan Statistical Areas ("MSAs") and Non-MSA Areas. Additionally, on the effective date of the Plan, the following MSAs shall be designated as Tier I MSAs: Birmingham-Hoover, Mobile, Montgomery, and Huntsville. The remaining MSAs, Anniston, Auburn/Opelika, Columbus (Georgia), Decatur, Florence, Gadsden, Pensacola (Florida), and Tuscaloosa, shall be designated as Tier II MSAs. The Non-MSA areas of the State shall be grouped together for regulatory purposes.² (See Attachment A for the classification of BellSouth's wire centers by area.)

² For multi-location customers with locations in Tier I MSAs and locations in Tier II MSAs and/or Non-MSA areas, all of the customer's locations will be treated as Tier I locations

4. RECLASSIFICATION OF MSAs AND/OR WIRE CENTERS

BellSouth may file a request to reclassify a Tier II MSA to a Tier I MSA at any time after the effective date of this Plan. In addition, BellSouth may file a request to reclassify a specific wire center in a Tier II MSA or a Non-MSA area to the Tier I MSA category.

For either reclassification effort, BellSouth shall file supporting documentation demonstrating that the Tier II MSA or wire center in a Tier II MSA or Non-MSA area is sufficiently competitive to qualify for the pricing flexibility afforded to Tier I MSAs. Factors upon which BellSouth may base its reclassification request may include, but are not limited to, collocation arrangements, residential and/or business competitive market share, alternative sources of switching, alternative sources of transport, intra-modal and/or inter-modal competitors, etc. The Commission will have ninety (90) calendar days from the date of filing of the reclassification request in which to approve, modify, or deny the request.

A third party, by timely petition to the Commission within the 90-day period, may request that the reclassification proposed by BellSouth be modified or denied. The 90-day period, however, shall not be extended as a result of third-party petitions.

5. SERVICE CATEGORIES

Each telecommunications service offered by BellSouth and regulated by the Commission shall be assigned to one of two (2) categories: (1) Retail; and (2) Interconnection Services. (See Attachment B for the classification of services by category as of the effective date of this Plan.)

6. TARIFFS

BellSouth shall file tariffs for all telecommunications services offered by BellSouth and regulated by the Commission, except as specifically exempted herein. Tariffs shall be filed for any proposed change to terms, conditions, and/or prices.

Tariffs shall become effective on the date proposed by BellSouth as outlined by this Plan. The Commission retains the authority to investigate a tariff on its own motion or by complaint of another party for violations of the rules and regulations of this Plan or violations of Title 37 of the Alabama Code. Any such motion or complaint shall enumerate the rules and regulations of the Plan and/or Title 37 that have been violated. If the Commission initiates an investigation of a tariff on its own motion or by complaint of another party, the tariff shall remain in effect pending completion of the investigation and hearing. In lieu of the suspension of proposed tariffs, the following procedures will be in effect.

If the Commission initiates an investigation of a tariff on its own motion or by complaint of another party within sixty (60) calendar days of the Effective Date of the tariff, and following investigation and hearing, the Commission were to order a decrease in a price or prices in an effective tariff within ninety (90) days of the filing of the motion or complaint, BellSouth may be required to credit the difference between the effective price or prices and the Commission-ordered price or prices to affected customers during that period of time. Commission-ordered modifications to a tariff, following investigation and hearing, shall be prospective when a complaint by a third party is filed more than sixty (60) calendar days following the Effective Date of the tariff or when the Commission initiates an investigation of a tariff more than 60 calendar days following the Effective Date of the tariff.

- A. Tariffs proposing changes to terms or conditions for telecommunications services offered by BellSouth and regulated by the Commission shall be filed with an Effective Date at least fourteen (14) calendar days following the File Date.
- B. Tariffs proposing price reductions for telecommunications services offered by BellSouth and regulated by the Commission shall be filed with an Effective Date at least one (1) calendar day following the File Date.
- C. Tariffs proposing price increases for Retail Telecommunications Services, Switched Access Services, or Special Access Services in Tier I MSAs shall be filed with an Effective Date at least seven (7) calendar days following the File Date. Price increases for Retail Telecommunications Services, Switched Access Services, or Special Access Services in Tier II MSAs and Non-MSA areas shall be filed with an Effective Date at least fourteen (14) calendar days following the File Date.
- D. Tariffs for New Services shall be filed with an Effective Date at least seven (7) calendar days following the File Date.
- E. Tariffs that grandfather and/or eliminate telecommunications services shall be filed with an Effective Date at least thirty (30) calendar days following the File Date.³ For tariffs that eliminate telecommunications services, the tariff shall provide customers no less than one hundred and fifty (150) days following the Effective Date during which affected customers will be given the opportunity to subscribe to alternative services before a customer's current services are eliminated.

³ Tariffs that grandfather and/or eliminate telecommunications services shall not be subject to the pricing limitations specified in Section 7 below.

7. PRICING RULES

A. Pricing Rules – General

The price for any new or existing service shall equal or exceed its LRIC unless:
(1) specifically exempted by the Commission based on public interest concerns;
or (2) BellSouth in good faith, and upon Commission approval, prices the service in order to meet the equally low price of a competitor.

In the event that BellSouth prices a service below LRIC to meet the equally low price of a competitor, any intrastate universal service fund which may exist cannot be utilized to offset the resulting revenue shortfall.

No price reductions that will result in prices below LRIC will be allowed unless approved by the Commission. With respect to existing services that are priced below LRIC on the effective date of this Plan, such as existing traditional flat-rate local exchange services for residential customers, no price reductions will be allowed unless approved by the Commission.

B. Pricing Rules – Tier I MSAs

Upon approval of this Plan for BellSouth, prices for existing traditional flat-rate local exchange residential service (1FR service) shall be capped at existing levels for three (3) years. Following the third anniversary of this Plan, prices for 1FR service may be increased by up to five percent (5%) per year. The tariff price for 1FR service, however, shall not exceed twenty dollars (\$20) per month unless, following notice and hearing, specifically approved by the Commission.

Upon approval of this Plan for BellSouth, prices for Retail Telecommunications Services other than 1FR service, and prices for Special Access Services may be adjusted at the discretion of BellSouth.

C. Pricing Rules – Tier II MSAs and Non-MSA Areas

Upon approval of this Plan for BellSouth, prices for existing traditional flat-rate local exchange residential service (1FR service) shall be capped at existing levels for three (3) years. Following the third anniversary of this Plan, prices for 1FR service may be increased by up to five percent (5%) per year. The tariff price for 1FR service, however, shall not exceed twenty dollars (\$20) per month unless, following notice and hearing, specifically approved by the Commission.

Upon approval of this Plan for BellSouth, price increases for Retail Telecommunications Services other than 1FR service, and prices for Special Access Services in Tier II MSAs and Non-MSA areas shall be adjusted at the discretion of BellSouth. Aggregate increases in these areas shall be limited to 5% annually.

D. Pricing Rules – Switched Access Services and Local Access Services

- i) BellSouth may establish prices for all Switched Access Services. The combination of the traffic sensitive per minute charge for originating and terminating switched access service will be capped at the effective interstate level (including any non-traffic sensitive rate elements) approved for BellSouth by the Federal Communications Commission as of July 30, 2001. No intrastate access reduction will occur unless the subsidy to non-bundled, existing traditional flat-rate local exchange services for residential service provided by switched access is replaced by an end user charge or an intrastate universal service fund. The establishment of an end user charge or an intrastate universal service fund will only occur following notice and hearing.
- ii) Regarding Local Access Services, the resale discount applicable to BellSouth's prices for standalone, regulated retail telecommunications services and terms, conditions, and prices for unbundled network elements will be formally reviewed and appropriately adjusted periodically following a hearing by the Commission.

8. CONTRACT SERVICE ARRANGEMENTS

Customer-specific contract service arrangements ("CSAs") may be offered by BellSouth to customers in Tier I MSAs for any product or service provided by BellSouth and regulated by the Commission. CSAs may be offered by BellSouth to customers in Tier II MSAs and Non-MSAs areas for any product or service provided by BellSouth and regulated by the Commission in response to a competitive alternative or in a unique customer situation.⁴ Rates, terms, and conditions, and additional regulations, if applicable, for the CSA will be developed on an individual case basis and will include all relevant costs, plus an appropriate level of contribution. Unless otherwise specified, regulations applicable to a CSA are in addition to the applicable rates and regulations specified in BellSouth's tariffs.⁵ CSAs become effective pursuant to the terms of the contract after the contract is signed by the customer.

Within twenty (20) calendar days after the end of a quarter, BellSouth will file a summary report of all CSAs executed during the preceding quarter. The report will include customer name, date signed, services provided, and contract prices. The summary report will be filed with the Commission's Telecommunications Division on a proprietary/confidential basis, with cost support information for a CSA available to the Telecommunications Division upon request. The Attorney General's office will be served with a copy of the letter that transmits the summary report to the

⁴ See Footnote No. 2

⁵ Prices, terms, and conditions offered pursuant to a CSA that are different from tariff prices, terms, and conditions for the same services are not considered discriminatory.

Telecommunications Division. BellSouth and the Attorney General agree to keep a comprehensive proprietary agreement in effect at all times to allow the Attorney General access to any proprietary/confidential information filed with the Commission's Telecommunications Division.

9. PROMOTIONS, CUSTOMER VALUE PROGRAMS, MARKETING/TECHNICAL TRIALS, & BUNDLED SERVICES

BellSouth may offer special Promotions and special Customer Value Programs, may conduct Marketing/Technical Trials, and may offer Bundled Services.

A. Promotions

Subject to the availability of products, services, and facilities, Promotions will be available to all subscribers meeting the eligibility criteria as set forth in the Promotion.

A Promotion containing a regulated, tariffed service shall not require an additional tariff filing. A transmittal letter shall be provided to the Commission for informational purposes only no later than one (1) calendar day prior to the commencement of the Promotion.

The following supporting documentation must be included with the transmittal letter for all Promotions:

- i) A description of the Promotion (including terms and conditions);
- ii) A description of the geographic area in which the Promotion will be offered;
- iii) The eligibility criteria for the Promotion;
- iv) The marketing period (beginning and ending dates);
- v) The services included in the Promotion; and,
- vi) Availability for resale.

Cost support will be available to the Commission Staff upon request.

B. Customer Value Programs:

Customer Value Programs will be available on a non-discriminatory basis to all subscribers meeting the eligibility criteria for each Program.

A Customer Value Program containing a regulated, tariffed service shall not require an additional tariff filing. A transmittal letter shall be provided to the Commission for informational purposes only no later than one (1) calendar day prior to the commencement of the Customer Value Program.

The following supporting documentation must be included with the transmittal letter for all Customer Value Programs:

- i) A description of the Customer Value Program (including terms and conditions);
- ii) A description of the geographic area in which the Customer Value Program will be offered;
- iii) The eligibility criteria for the Customer Value Program;
- iv) The marketing period (beginning and ending dates); and,
- v) Availability for resale.

Cost support will be available to the Commission Staff upon request.

C. Marketing/Technical Trials

A Marketing/Technical Trial shall not require a tariff filing. A transmittal letter shall be provided to the Commission no later than one (1) calendar day prior to the commencement of the Marketing/Technical Trial.

The following supporting documentation must be included with the transmittal letter for all Marketing/Technical Trials:

- i) A description of the parameters of the Trial (including terms and conditions);
- ii) A description of the geographic area in which the Trial will be offered; and,
- iii) The rates and charges for the Trial, including any applicable range of rates within which the rates may be increased or decreased.

Marketing/Technical Trials may be offered for not less than one (1) month or more than twelve (12) months.

D. Bundled Services⁶

Bundled Services may be offered to eligible customers in BellSouth's service areas. BellSouth shall specify the components of the Bundled Service offering.

Subject to the availability of products, services, and facilities, Bundled Services will be available to all subscribers meeting the eligibility criteria for such Bundled Services.

A Bundled Service containing a regulated, tariffed service shall not require an additional tariff filing. A transmittal letter shall be provided to the Commission no later than one (1) calendar day prior to the offering of the Bundled Service.

The following supporting documentation must be included with the transmittal letter for all Bundled Services:

- i) A description of the Bundled Service (including terms and conditions);
- ii) A description of the geographic area in which the Bundled Service will be offered;
- iii) The eligibility criteria for the Bundled Service; and,
- iv) The marketing period (beginning and ending dates).

While the regulated, standalone retail components of a Bundled Service are available for resale at the tariffed price and corresponding wholesale discount, the Bundled Service offered at one price shall not be available for resale.

Cost support will be available to the Commission Staff upon request.

10. SERVICE QUALITY

BellSouth will conform to the service standards outlined in Section T-21 of the Commission's Telephone Rules.⁷ The Commission may require submission of reports and data as it deems necessary to monitor service performance.

⁶ Existing rules and regulations, such as those involving bill payment, the allocation of payments between regulated and nonregulated services, and discontinuance of service for non-payment, remain in effect when customers subscribe to Bundled Services, unless and until modified by the Commission.

⁷ Upon adoption of this Plan, the Commission will open a rulemaking to consider revisions to T-21 to reflect the current technical and operational telecommunications environment.

11. EFFECTS OF EXTRAORDINARY GOVERNMENTAL ACTIONS

The financial impact of governmental mandates, both state and federal, that applies specifically and/or disproportionately to and has a major negative impact on telecommunications companies, may be recovered through an adjustment to the prices for Retail Telecommunications Services and Interconnection Services. In such an event, BellSouth shall notify the Commission of its intent to adjust prices. Such notice shall provide schedules and appropriate tariffs for the adjusted prices. Following notice and hearing, the Commission may approve, modify, or deny BellSouth's proposed tariffs.

A "major" impact is an amount (intrastate only) exceeding two percent (2%) of BellSouth's total intrastate regulated revenues booked in the preceding calendar year. In order for pricing adjustments to occur under this provision, BellSouth must demonstrate to the Commission the effect of the major impact. Price increases implemented under this provision shall not impact any price increases permitted by Section 7 of this Plan.

12. CUSTOMER NOTIFICATION

BellSouth will provide customer notification of any price increases to all affected customers either by bill message, bill insert or direct mail at the option of the Company at least seven (7) calendar days before any regulated prices are increased. Notice of a price increase shall include at a minimum the effective date of the price change(s), the existing price(s), and the new price(s).

Any affected customer may, within thirty (30) days of the Effective Date of any price increase, elect to cancel his/her subscription to a service that has been increased and BellSouth will credit the customer's bill by the amount of the price increase if the increase has been reflected on the customer's bill prior to the cancellation of the service.

13. REPORTING REQUIREMENTS

BellSouth shall file an annual Alabama combined income statement, its Form 10-K, its Annual Report to Stockholders, and an annual report on the status of local competition within its operating area with the Commission by April 1st of each year.

14. CUSTOMER COMPLAINT RESOLUTION

The Commission's existing customer complaint procedures shall remain in effect.

15. COMMISSION AUTHORITY

Upon adoption of this Plan for BellSouth, the Commission will regulate and BellSouth will operate pursuant to the requirements, rules, and regulations of this Plan. The Commission will conduct an assessment of this Plan beginning with the third anniversary date of the Plan in 2007 and will complete the assessment within one hundred and eighty (180) days following the third anniversary date. The need for and frequency of future assessments will be determined during the initial assessment of the Plan.

The Commission may not modify or repeal any portion of this Plan without notice and hearing. BellSouth or any affected third party may, as market conditions change, petition the Commission for modifications to this Plan. Modifications will only be made following notice and hearing by the Commission.

Attachment A
Page 1

CLASSIFICATION OF BELL SOUTH'S WIRE CENTERS

Tier I MSAs

Birmingham-Hoover	Huntsville	Mobile	Montgomery
Alabaster	Athens Elk River	Airport	Fort Deposit
Bessemer Birmingham	Athens Main	Azalea	Dalraida
Bessemer Hueytown	Gurley	Bay Front	Holtville
Bessemer Main	Hazel Green	Belle Fontaine	Main & Toll
Cahaba Heights	Lakewood	Citronelle	Millbrook
Calera	Madison New Main	Mount Vernon	Normandale
Carbon Hill	Madison Old Main	Old Shell	Prattville
Center Point	Main & Toll	Prichard	Wetumpka
Centreville	Parkway	Saraland	
Chelsea	Redstone Arsenal	Semmes	
Clanton	Research West	Skyline	
Columbiana	Strategic Defense	Springhill	
Cordova	University	Theodore	
Dora			
Eastlake			
Eastwood			
Ensley			
Five Points			
Forestdale			
Gardendale			
Graysville			
Homewood			
Jasper			
Main & Toll			
Maplesville			
Montevallo			
Oak Mountain			
Oxmoor			
Parrish			
Pinson			
Riverchase			
Tarrant			
Valley			
Vincent			
Warrior			
West Blocton			
West End			
Woodlawn			

Attachment A
Page 2

CLASSIFICATION OF BELL SOUTH'S WIRE CENTERS

Tier II MSAs

Anniston	Auburn	Columbus	Decatur
Jacksonville	Auburn	Hurtsboro	Courtland
Lenlock	Opelika	Phoenix City Fort Mitchell	Decatur
Main & Toll		Phoenix City Main	Hartselle Main
Ohatchee			Hartselle Pence
Oxford			Moulton
Piedmont			Towncreek

Florence	Gadsden	Pensacola	Tuscaloosa
Florence	Attalla	Flomaton	Bessemer Bucksville
Killen	Boaz		Druid Hill
Leighton	Hillside		Eutaw Boligee
Lexington	Main & Toll		Eutaw Main
Rogersville	Rainbow Drive		Greensboro
Sheffield			Northport
			Tuscaloosa Main

Non-MSA Areas

Albertville	Fairhope	Red Bay
Alexander City	Fort Payne	Russellville
Bay Minette	Goodwater	Selma
Brewton	Guntersville	Spanish Fort
Bridgeport	Hanceville Bremen	Stevenson
Childersburg	Hanceville Main	Sylacauga
Clayton	Jackson	Talladega Main
Cullman Fairview	Lafayette	Talladega Renfro
Cullman Jones Chapel	Linden	Thomasville
Cullman Main	Livingston	Troy
Dadeville	Marion	Tuskegee
Demopolis	McIntosh	Uniontown
Eufaula	Munford	York
Evergreen		

Attachment B
Page 1

CLASSIFICATION OF SERVICES BY CATEGORY

Retail Services

- A2 General Regulations
 - A2 4 3 G Returned Check/Bank Draft Charge
 - A2 4 3 K Miscellaneous Fees
- A3 Basic Local Exchange Service
 - A3 2 1 Flat Rate Residence and Business Service
 - A3 2 9 Area Calling Service
 - A3 2.10 Complete Choice® Service
 - A3 10 2 Bay Minette Exception
 - A3 10 3 Bridgeport Exception
 - A3 10 4 Reverse Billing Option (Bridgeport)
 - A3 2 11 Area Plus® Service
 - A3 7 Measured Rate Service
 - A3 12 NAR Usage Packages
 - A3 13 3 Directory Assistance Service
 - A3 14 3 Local Operator and Calling Card Service
 - A3 15 Local Operator Verification/Interruption Service
 - A3 19 Grouping Service
 - A3 20 Trunk Lines
 - A3 24 Directory Assistance Call Completion Service
 - A3 25 Directory Assistance/Directory Assistance Call Completion Service
 - A3 26 Network Access Service
 - A3 27 Trunk Side Access Facility
 - A3 30 Exchange Access Premium Charge
 - A3 31 Lifeline
 - A3 32 Classroom Communication Service
 - A3 38 Back-Up Line Service
 - A3 43 BellSouth Business Plus Service
 - A3 45 Complete Choice® for Business Package
- A4 Service Charges
 - A4 2 7 Installment Billing
 - A4 3 Residence and Business Service Charges
 - A4 4 Dual Service
 - A4 7 Link-Up
- A5 Charges Applicable Under Special Conditions
- A6 Directory Listings
- A8 Telephone Answering Service Facilities
- A9 Foreign Exchange Service & Foreign Central Office Service
- A12 Central Office Non-Transport Offerings
 - A12 4 Assigned Centrex Type Services Telephone Numbers Without Facilities
 - A12 7 Direct-Inward Dialing Service
 - A12 8 Identified-Outward Dialing From PBX Systems
 - A12 16 Prestige® Communications Service
 - A12 20 MultiServ® Service
 - A12 21 MultiServ® Plus Service
 - A12 22 MultiServ® Multi-Account Service
 - A12 25 BellSouth® Centrex Service
 - A12 26 BellSouth® Centrex ISDN Service
- A13 Miscellaneous Service Arrangements
 - A13 5 Arrangements for Night, Sunday and Holiday Service
 - A13 9 Custom Calling Service

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CLASSIFICATION OF SERVICES BY CATEGORY

Retail Services (cont'd)

A13.11	Remote Call Forwarding
A13.12	Selective Class of Call Screening Service
A13.13	Dormitory Communications Service
A13.14	Toll Trunks
A13.16	Local Calling Area Conference Service
A13.17	Feature Packages
A13.19	TouchStar® Service
A13.20	Call Screening and Restriction Services
A13.25	Extension Line Channels
A13.27	Emergency Reporting Services
A13.30	Automatic Time and Charge Reporting Service
A13.34	Ringmaster® Service
A13.46	SMDI
A13.47	Message Waiting Indication
A13.49	Surrogate Client Number
A13.50	Telecommunications Service Priority System
A13.51	Electronic White Pages
A13.53	Multiline Hunt Queuing
A13.56	Hot Line Service
A13.57	Warm Line Service
A13.58	Uniform Access Number
A13.59	Automatic Number Identification
A13.60	Custom Service Area
A13.61	Answer Supervision
A13.62	Call Detail Information
A13.70	BellSouth® Privacy Director® Service
A13.72	Inter-Switch SMDI
A13.76	Internet Call Waiting Service
A13.77	Voice Mail Companion Services Package
A13.78	BellSouth Essentials Package
A13.79	211 Dialing Service
A13.80	711 Dialing Code for TRS
A13.81	511 Dialing Service
A14	Auxiliary Equipment
A15	Connections With Certain Facilities and/or Equipment Of Others
A18	Long Distance Message Telecommunications Service
A19	Wide Area Telecommunications Service
A20	Optional Calling Plans
A29	Data Transport Service
A32	Integration Plus Management Services
A34	Advanced Intelligent Network Services
A37	Billing and Collection Services
A38	Listing Services
A40	Fast Packet Transport Services
A42	ISDN
A43	Channelized Voice Transport Services

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CLASSIFICATION OF SERVICES BY CATEGORY

Retail Services (cont'd)

A47	BellSouth® Remote Access Service
A103	Obsolete Service Offerings – Basic Local Exchange Services
A108	Obsolete Service Offerings – Telephone Answering Service Facilities
A111	Obsolete Service Offerings – ESSX-I Service
A112	Obsolete Service Offerings – Central Office Non-Transport Services
A113	Obsolete Service Offerings – Miscellaneous Service Arrangements
A120	Obsolete Service Offerings – Optional Calling Plans
A123	Obsolete Service Offerings – ESS Central Office Features
A125	Obsolete Service Offerings – Lightgate® Digital Service
A126	Obsolete Service Offerings – Exchange Digital Services
A129	Obsolete Service Offerings – Data Transport Service
A131	Obsolete Service Offerings – Multi-Location Business Service
A134	Obsolete Service Offerings – ATN Services
A139	Obsolete Service Offerings – Abbreviated Dialing
A140	Obsolete Service Offerings – Fast Packet Transport Services
A142	Obsolete Service Offerings – ISDN
B3	Channels
B4	Equipment
B7	Digital Network Services
B8	Custom Network Service
B103	Obsolete Service Offerings – Channels
B104	Obsolete Service Offerings – Equipment
B107	Obsolete Service Offerings – Digital Network Services

Interconnection Services

A7	Coin Telephone Service
A35	Interconnection of Mobile Services
E3	Carrier Common Line Access Service
E5	Ordering Options for BellSouth SWA and Special Access Service
E6	BellSouth SWA Service
E7	Special Access Service

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CLASSIFICATION OF SERVICES BY CATEGORY

Interconnection Services (cont'd)

E8	Billing and Collection Services
E9	BellSouth Directory Assistance Access Service
E18	Operator Services Access Services
E20	Expanded Interconnection Service
E21	Fast Packet Access Service
E34	Advanced Intelligent Network Services

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